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Mapping and exploring the topography of contemporary financial accounting research.

Abstract

This paper reports on a review of 1055 papers in the financial accounting literature published in eleven leading accounting journals in the period 2002 to 2007 inclusive. In contrast to most prior published literature reviews, which are located within a particular methodology and highly specialised, this is a broad literature review that covers both empirical/quantitative streams and critical/qualitative streams and is an attempt to draw a map of the overall structure and topography of published financial accounting research. The paper analyses a range of information collected from each paper about the authors, content, use of theories and research methods. The conclusions summarise the structure of the literature and give an insight into what journal editors and peer reviewers deem to be a contribution to knowledge in the field of financial accounting. Comments are included on the unique contribution made to the field by those authors within our sample writing and publishing outside the US. The paper is likely to be particularly relevant to new career researchers in financial accounting, PhD students reviewing the literature to locate their own research and academics looking for appropriate research outlets.

Key words: Financial accounting; literature review; non-US contribution

Introduction

This review is the latest in a succession of papers published over the past thirty years, that have attempted to establish the unique characteristics of financial accounting research and the contribution of scholars working outside the US to the development of knowledge in accounting (in the UK, see for example Peasnell, 1981; Peasnell and Williams, 1986; Beattie 2002; Beattie 2005 and Rutherford, 2010). Our review differs from most other published literature reviews in that it focuses less on the detail of a particular topic area and more on an attempt to map the topography of the discipline as a whole. We do not identify gaps in the literature for future research but rather, this is a retrospective review in which we map out the major defining characteristics of the landscape of financial accounting research. We reflect some of the more detailed features of the research landscape, by including a number of exemplars in the appendix representing the different categories of research that we discuss.

Over time, as in other disciplines, journal publications have become an increasingly important measure of academic performance in financial accounting research. For instance Brinn et al (1998) report a survey of UK accounting professors and heads of departments suggesting that they perceived publications to be the most important measure of academic performance. A later analysis by Beattie and Goodacre (2004) showed that 52% of publications by UK-based accounting and finance academics were in peer-reviewed journals and that the top ten, peer-reviewed accounting journals (in terms of frequency of publications) accounted for 57% of journal publications. Globally, the content of the top accounting journals tends to be weighted in favour of financial accounting research. Bonner et al (2006, p. 663), for example, find that in four out of the five top accounting journals: “financial accounting articles appear in disproportionately high numbers”. In addition to the top ten, at least 100 other accounting journals worldwide have been identified (see Zeff, 1996; Brinn and Jones, 2008; Zeff, 2011) and these also carry substantial numbers of financial accounting papers. Beattie (2005), for example, found that 261 financial accounting papers were published between 1998 and 2002 in seven, generalist, non-US journals and that the content was dominated by market-based accounting research (MBAR) and research on disclosure in annual reports. Closer examination of the content of the 115 papers contributed by UK authors concluded that these authors write about a wide variety of research genres “from the highly quantitative, economics-based, positive US

tradition, through to the qualitative, relativist/critical tradition, with all shades in between” (Beattie, 2005, p. 108).

It is important to map and explore the topography of financial accounting research and identify its key features so that researchers and PhD students understand the structure of their research field. This paper is an attempt to chart, at the broadest level, the structure of the financial accounting literature in its entirety over a six year period. As such, it contributes to the epistemology of the discipline by investigating the nature of knowledge in the different genres of financial accounting research and developing a framework within which they can be compared and understood. Existing literature reviews are usually rooted in a particular methodology and explore in detail a particular theme or topic, for example Balcaen and Ooghe (2006) which is a review of studies on business failure or Gray (2002) reviewing the social accounting project. Here, we attempt to understand the range and scope of financial accounting research and its distribution across various themes, methodologies, journals and content categories. We develop a taxonomy to categorise the content, theory and methods used. In particular, we single out fourteen exemplars, as papers that are cited widely, which represent important themes and developments in the financial accounting literature. We also explore what constitutes sufficiently convincing evidence to allow a paper to be published for both qualitative and quantitative research papers. For researchers, such knowledge and understanding may influence current and future research publication strategies as well as shaping the development of the discipline. For PhD students, it will provide a useful overview of the published research in the area and may influence methodological choices. Although a number of studies focus on esteem, quality and quantity measures in relation to published papers, there has been a surprising dearth of studies considering the content of financial accounting research across different themes and journals. Beattie’s (2005) study into the content of papers in seven journals in which UK accounting academics typically publish is a rare exception.

Our review follows in the tradition of Beattie (2005), Whittington (1981) and Peasnell (1981), who explored the characteristics of British accounting research. Overall, Beattie (2005, p108) concluded that UK research is unusually diverse in terms of research genre and that “it is clear that there has been a distinctive UK contribution made in several research areas”. This contrasts

with Whittington's (1981), earlier review that describes how Peasnell (1981) "struggles against overwhelming odds to identify a distinctive British contribution to empirical research in accounting". Beattie (2005), by contrast, identifies a UK contribution in areas such as voluntary disclosure, corporate social responsibility (CSR), non-numerical formats in the business reporting package (i.e. narratives and graphs) and research based on qualitative, interpretative and case study methods. Beattie (2005, p.109) points to the difficulty of generating "a critical mass of research" given the relatively low number of UK researchers. However, she pointed to 'hot spots' of mainstream financial reporting in a few institutions and to the role of UK researchers in developing the continental European research community through co-authorship. Our study, following on from Beattie's (2005), shows the continuation of this trend of joint authorship, not only between UK and continental European authors but also between UK authors and those from Australia and New Zealand. In consequence, the obvious split in our data from eleven top-ranking journals in accounting, is between papers with US-based authors and papers from authors working outside the US. We therefore conduct the review and draw some conclusions on this basis rather than reporting specifically on the characteristics of UK research.

Our paper extends prior work in the area in seven main ways. First, we continue the series of papers analysing financial accounting research from the point where the last study published by Beattie (2005) finished. Second, our study is much more comprehensive than previous studies, covering 1055 papers in total: 626 papers from 8 non-US journals and 429 papers in 3 US journals. Third, unlike Beattie (2005), we present our results in a disaggregated way by individual journal so that it is easier to make detailed comparisons and identify journal clusters. Fourth, building on prior work, we classify these papers in terms of three key characteristics: theory, method and content. We examine how these three characteristics are affected by author affiliation (especially the contrast between US-based and non-US-based work), gender and the methodological orientation of the research. Fifth, as well as examining content and methodology, we also analyse the theories used by researchers and discuss the epistemological origins of financial accounting research. Sixth, we provide an in-depth analysis of the data used in empirical studies. For example, we include, for the first time, details of sample sizes and age of data, broken down by subject and type of research. Finally, we also provide a contribution to the debate on whether there is a distinctive contribution to this literature from non-US-based authors.

We seek to contextualise our findings by considering key trends over time such as the decline of researchers who have a professional accountancy qualification, the increase of research databases, and the growth in accounting academics and accounting journals (see for example, Oler, et al 2010).

The remainder of this paper is structured in five sections, followed by a conclusion. In the next section we review briefly the existing literature reviews and analyses of financial accounting research. This is followed in the third section, by a short section identifying other long-term trends and factors specific to the accounting research environment, some of which relate primarily to the UK (from our own personal observation) but which also affect other geographical areas. The fourth section contains a description of our research methods. We then present our key findings in the fifth section before our discussion and concluding comments in the sixth section.

Literature Review

Surprisingly few literature review papers focus directly on the content of published accounting research. In the leading US journals, occasional reviews are published on financial accounting literature that cover primarily mainstream empirical research, concentrate on econometric modelling and seek to identify gaps in the literature for further study (see for example, Healey and Palepu, 2001 or Watts and Zimmerman, 1990). The most notable review published outside of the US that deals directly with the content of financial accounting research is Beattie (2005), whose review we discuss later.

More frequently, reviews in financial accounting take an indirect approach in analysing the literature. There are three strands of literature using an indirect approach: those relating to the development of quantitative research and methodologies; the parochial literature; and the literature on publishing patterns and journal rankings. The literature on the development of quantitative research and methodologies in accounting is exemplified, in the US, by Fleming, et al (2000). These authors, using *The Accounting Review* as a case study, show that from 1966 to 1985 analytical modelling and empirical methods increased rapidly in popularity with deductive-type research methods declining in popularity. Later, Beattie (2005) notes the continuation of

this trend, explaining that as the income determination model gave way to a decision-usefulness approach to financial reporting in the early 1960s within the US, a more scientific, empirical approach to accounting research developed. A large-scale study published in *Accounting Horizons*, by Oler et al (2010) included an analysis of 5114 accounting research papers published in six top journals, five of which are published in the US and one in the UK, between 1960 and 2007. Oler et al (2010) show accounting research drawing increasingly on theories and methodologies from finance and economics.

In a paper analysing the adoption of social science research ideas and methodologies (the “social scientific turn”) in financial accounting research, Rutherford (2010) identified two predominant modes of research. The first mode is described as neo-empiricism or non-radical and the second as the critical or the radical accounting project. Neo-empiricism, a term coined by Henderson et al (1992), is based on the collection and analysis of data, usually using regression models and in most cases does not attempt to advance theoretical understanding. In contrast, the critical/radical project studies the role of financial reporting in its economic, social and political contexts and using a strong theoretical framework and often aims to change the status quo observed in practice (Rutherford, 2010). The “neo-empiricist” approach is associated primarily with the development of Positive Accounting Theory (PAT) by Watts and Zimmerman (1979; 1986), where the criterion for the success of a theory is defined in terms of the value of its predictions to users. PAT is described as an exposition of “the theories and methodologies underlying the economics-based empirical literature in accounting” (Watts and Zimmerman, 1986, p.13). The rise in popularity of PAT has been documented by many authors but its role as a mainstream methodology of financial accounting research has also been questioned, for example by Whitley (1981) who describes the approach as “seriously flawed and [relying] on theories of scientific method that are incoherent and inapplicable to accounting research” (p.643). However, despite Whitley’s criticisms and those of other authors, PAT remains the most frequently used accounting theory.

Both the neo-empirical programme and the critical/radical programme of research in accounting are seen by Rutherford (2010) as leading to the demise of the classical (normative) programme of accounting research. This branch of the literature was traditionally popular in the UK and was

associated with authors such as Chambers (1966), Edwards and Bell (1961), Sterling (1970) and Ijiri (1967). Rutherford (2010) considers that both of the current modes of research (the neo-empirical and the radical) have served the UK community of financial accounting scholars badly since they have replaced its traditional strength (normative accounting research) and so distanced academic researchers from the accounting profession and accounting practices.

The extent to which UK, contemporary, financial accounting research is dominated by neo-empiricism and by market based accounting research (MBAR) in particular, is demonstrated by Beattie (2005). She classifies 25% of the papers written by UK-based authors as MBAR and a further 23% as studies of “disclosure”. This corresponds with Peasnell’s (1981) review, which identified the rise of MBAR in the US and the desire of UK researchers to emulate this work. The increasing hegemony in accounting research of scientific methodologies and US-based authors has been noted by numerous authors. In an attempt to problematise the neo-empiricist view of what constitutes “successful accounting research”, Chua (2011) criticises North American journals for the lack of research informed by work from a wider range of social sciences such as sociology, anthropology, history, philosophy.

The parochial literature is perhaps typified by Lukka and Kasanen (1996). These authors looked at publications in 6 leading journals (*Journal of Accounting and Economics*, *Journal of Accounting Research*, *The Accounting Review*, *Accounting, Organizations and Society*, *Accounting and Business Research* and *Abacus*). They found that 44.3% of all papers were related to financial accounting and that the most popular research method was statistical analysis (63.8%). US journals were found to be more likely to publish papers using such research methods and Lukka and Kasanen (1996, p.767) comment: “Statistical research methods clearly dominate the papers published in US journals: as much as 80% of those journals are statistical analyses by nature. This method also dominates in the non-US journals as 43% of the papers published in these journals are statistical”. They also found that the non-US papers tended to use more case studies and other qualitative methods (such as contextual analysis of legislation or history) than US papers, with the result that non-US research was more heterogeneous in terms of research material and methodology. Finally, they found 77% of papers shared a common

geographical origin for researchers, data and journal. Accounting research was thus described as parochial in nature.

There are a number of papers on publishing patterns and journal rankings that informed our analysis. Those relating specifically to UK accounting research include Brinn et al, 1996; Beattie and Goodacre (2004); Lowe and Locke (2005), Brown et al (2007) and Locke and Lowe (2008). Typically, these studies rank journals using peer surveys but they usually do not investigate the nature and content of the research publications within them. Beattie and Goodacre identify 61 accounting journals and 69 finance journals in which faculty from academic accounting and finance groups in the UK published in 1998-1999. Across the total of 1141 academic papers, 399.5 (35%) were identified as accounting-related. Numerous journal ranking studies have also been published in the US, dating back to the 1980s and 1990s (see for example, Howard and Nikolai, 1983; Hull and Wright, 1990) and a similar paper based on an international sample of accounting academics was published by Ballas and Theoharakis in 2003.

In addition to studies based on assessments of the quality of journals, the productivity of individual academics or the role of elites in academic accounting are also explored in the literature. Papers on productivity include, from the US, Heck et al (1990) and Zivney et al(1995); and from the UK, Brown et al (2007) which are all concerned with quantitative measures of the research performance of individuals. Finally, the studies of elites in academic accounting (e.g. Beattie and Ryan, 1989; Lee, 1995, 1997, 1999; Williams and Rodgers, 1995; Rodgers and Williams, 1996 and Brinn and Jones, 2008) are concerned with research concentration, identifying the presence of key elites and editorial board membership, rather than analysing the content of individual papers.

To our knowledge, Beattie (2005) is the only prior study that focuses directly on the content of financial accounting research papers across different research methodologies and paradigms. In this paper, commissioned by the British Accounting Review, Beattie (2005) seeks to examine the UK contribution to financial accounting research and looks at seven non-US journals in which UK scholars generally publish. Beattie (2005) provides a taxonomy of research topics in

financial accounting research (which we adapt for our own paper) including 10 specific areas and one catchall category, which she uses to analyse published studies over the period 1998 to 2002.

Identifying other Long-Term Trends and Factors Relevant to the Accounting Research Environment

In this section we identify a number of factors shaping the nature of financial accounting research, which we have observed personally in UK universities, although we believe that many similar factors also apply in other geographical areas. The consistent long-term trend identified in the literature is the increasing dominance of financial accounting research by empirical, quantitative work. Peasnell (1981) commented on the rapid rise of market-based accounting research in the US. He believed that it would prove necessary to “temper the excessive enthusiasm one sometimes encounters for studies of this type” (p.110), some of which he described wittily as “tests of a ‘can a bumble bee fly?’ variety” (p.121). Peasnell later suggested (Peasnell and Williams, 1986) that the concept driving the choice of papers published in the top journals was the requirement to demonstrate a strong demand for “value-free knowledge”. In this context quantitative, analytical or empirical work in accounting is cast as superior, in terms of the knowledge it generates, in comparison to normative work, which may be seen to be politically motivated and therefore less objective, in a scientific research sense (Peasnell and Williams, 1986).

There are also a number of other long-term trends and peculiarities that characterise the changing environment facing researchers in financial accounting. The first relates to the academic recruitment process, namely the recruitment of accounting academics with different types of qualification. In the UK over the last three decades, the proportion of academics in accounting departments with a professional accountancy qualification in accounting has fallen consistently and the proportion with PhDs (which may not be directly in accounting) has risen. Brown et al (2007) noted that between 1984 and 2004 the proportion of accounting faculty with PhDs rose from 9% to 39% and the proportion with a professional accounting qualification fell from 73% to 50%. At the end of the period of our financial accounting literature review these proportions were 47% of staff with a PhD and 45% with a professional qualification (based the returns to the British Accounting Review Research Register, BARRR, Helliard et al, 2008). These trends are

almost certainly related to the increasing importance attached to the successive research assessment exercises and to published journal papers as a measure of academic performance (Brinn et al, 2001). In such a climate, a new recruit with a proven ability to publish appears more desirable than a new recruit with professional experience and qualifications. Throughout this period and to date, the role of finance research and teaching has expanded relative to accounting research and this has resulted in departments employing a higher proportion of academic staff with finance-related qualifications and often more mathematical and less social science based.

The second factor changing the accounting academic environment is the increasing availability of data, in the form of large, published databases and technologies. Peasnell (1981, p. 121) warned of “the danger of creating a generation of academics and teachers who have more in common with fellow empirical researchers in economics, psychology and other social sciences than with practising accountants, the result [of which] could be a ‘schism’ between academic accountants and practicing accountants to the detriment of the long run interests of both.” These developments can be attributed in part to the availability of large US datasets such as Compustat and CRSP and the ease with which data can now be downloaded and processed. Published research of this type rarely delves into any underlying theory or philosophy and it is evident why a new researcher would choose to engage in this type of work. It has fewer barriers to entry than normative work, it is easier to accomplish in practical terms than qualitative work and it appears to be rated more highly in international journals. Rutherford (2010) and others (Weetman, 1993; Brinn et al, 2001) have also observed the effect of these pressures on the methodological choices of researchers, where mainstream social science research (primarily quantitative methods) is the option likely to lead to more rapid successes in publishing and support from colleagues in other social science disciplines. Given these developments, the reasons behind the decline in normative accounting research (Rutherford, 2010) become more apparent.

Thirdly, accounting researchers are affected by sector-wide effects such as trends in student numbers. The exponential growth in the number of students studying accounting over the last two decades is reflected in a similar way in the number of accounting academics. Again taking the UK as an example, in the period just prior to our study, The British Accounting Research Register 1990 (Gee and Gray, 1990, BARR) included 1140 academics working in

accounting and finance departments (Brown et al, 2007). By the end of 2007 this number had risen 44% to 1645 academics (Helliard et al, 2008). It is difficult to tell how much of this growth is attributable to the rapid expansion in this period of Finance as a discipline, compared to Accounting. However in the BARR, accounting academics are still in the majority and our analysis suggests that the number of accounting academics greatly exceeds the number of accounting papers published in high quality journals in any given year.

A final factor affecting accounting researchers is the behaviour of universities in relation to research assessment exercises and the response of journal editors to these pressures. The increasing importance attached to journal ranking systems such as the Association of Business Schools (ABS) rankings (Harvey et al, 2010) or the Harzing rankings (Harzing, 2011) has left UK accounting researchers pursuing an increasingly difficult goal. Only five accounting journals are rated at the coveted 4* level in the ABS rankings. Four of these are published in the US and one in the UK (Accounting, Organizations and Society). The likelihood of UK-based authors being published in US journals is extremely low (see later), which effectively leaves over 1600 academics chasing one 4* rated journal. Of the fourteen accounting based journals ranked as 3* (the second highest rank) in the ABS rankings, it could be argued that eight regularly contain contributions from UK-based authors. Over time, we have also observed a trend for these journals to include more papers from US-based authors (Brown et al, 2007). Whilst a number of new accounting journals have been launched in recent years and existing journals have increased their pagination it is clear from all of these points that there are many UK accounting academics writing papers which are destined to remain unpublished, at least in accounting journals.

Methods

Our methods for selecting and reviewing relevant papers were informed by a procedure developed in two other studies reviewing different areas of the accounting literature: Parker (2005) and Broadbent and Guthrie (2007). This procedure is based on six steps: namely, (1) establishing boundaries for defining and limiting the papers to be included on the basis of the research objective; (2) selecting the journals to reflect the area of focus; (3) identifying the number of papers devoted to financial accounting research in the selected journals; (4) testing the classification criteria; (5) classifying papers based on taxonomies (adapted from Beattie, 2005)

for subject content, methods and theories and finally (6) using the resulting database to produce a range of descriptive statistics to inform the discussion of the patterns identified (Broadbent and Guthrie, 2007, pp. 139-140).

1. Establishing boundaries for defining and limiting the papers

The research objective for this study was to carry out a review of financial accounting research literature, which extended previous reviews and gave a more complete picture of the structure, nature and characteristics of the discipline in order to explore the factors affecting financial accounting research. Our approach therefore was to begin our study at the point where Beattie (2005) finished and to include as many years and as many journals as we felt it was possible to analyse in a paper of this size and review the papers in sufficient depth. This resulted in defining our sample set as a list of popular, top-ranking journals in which UK, other European and Australasian authors typically publish and given the prior discussion in the literature about the different US and non-US research traditions, it seemed appropriate to analyse some US journals as a comparison. For this purpose we chose the three journals most usually rated as the top 3 in the US. The time frame was set from 2002 to 2007 inclusive.

2. Selecting the journals to reflect the area of focus

Within the set of journals identified in the literature in which authors working outside the US typically publish, the focus on financial accounting leads us to exclude specialist journals such as *Accounting Education: An International Journal*, *Management Accounting Research*, *Financial Accountability and Management*, and *Accounting, Business and Financial History*. We did however, include *Critical Perspectives on Accounting (CPA)* as Beattie and Goodacre (2004) report that it was one of the most popular accounting journals in which UK academics publish and it contains a high proportion of papers on financial accounting research. Our final non-US list comprised eight journals, the seven covered by Beattie (2005) and *Critical Perspectives on Accounting*. The three US journals used are *The Accounting Review*, *Journal of Accounting Research* and *Journal of Accounting and Economics*. Unlike the prior list, very few non-US authors publish in these journals (as exemplified in, Jones and Roberts, 2005 and Brown et al, 2007).

3. Identifying the number of papers devoted to financial accounting research

In order to assess which papers in the selected journals might be classed as financial accounting research, a series of decision rules were developed. In general, we included any studies related to financial accounting and financial reporting to external stakeholders and the measurement of performance based on items disclosed in published financial reports. We considered that papers primarily on audit, other aspects of corporate governance, management accounting and accounting history fell outside the scope of this study. Some of the difficult boundaries to define were those between financial accounting and finance (in the MBAR category); historical studies set in time periods where the difference between management and financial accounting was not drawn as it is now; studies concerned with assessing performance based on variables other than financial accounting numbers or disclosures; studies of the public sector where issues of accountability to external stakeholders are more complex; and normative studies aimed at the development of accounting theory. As a general rule, if the content of a paper seemed to be a marginal case, we tended to include it as financial accounting rather than exclude it. Only full papers were counted and we thus excluded research notes but we included discussions of other authors' papers.

4. Testing the classification criteria

All papers were initially classified by one author and then checked by the second author and borderline cases were discussed and resolved by agreement. In total, 1055 papers formed the basis for further analysis. We believe this set of papers to be sufficiently comprehensive to give a clear picture of the structure of, and developments in, financial accounting research in the period 2002-2007.

5. Classifying papers based on various taxonomies

Each issue of each journal was scrutinised and basic data extracted, such as number of financial accounting papers and number of pages. The eight non-US journals and three US journals are ranked below according to the number of financial accounting research papers they contained between 2002 and 2007 inclusive. It is worth noting that these three US journals carry 41% of total journal papers on financial accounting published by all 11 journals (Table 1).

(Insert table 1 about here)

A range of information was collected from each paper about the authors, content, theory and research methods, a summary of the analysis and main arguments and conclusions. Author-related information included number of authors, authors' names, gender, affiliation and geographical location.

Further taxonomies are developed to classify the content, theories and research methods used in the papers. To analyse content we use eight categories adapted from Beattie's (2005) taxonomy: Market Based Accounting Research (MBAR); Accounting Practices and Regulation; Earnings Management and Accounting Choices; Disclosure and Annual Reports and four smaller categories. In classifying papers by the theories they employ, we adopt the three-way division of theories suggested by Rutherford (2010). In the first category, we list papers driven by Economics and Maths theories; the second set derive from Human Sciences and Behavioural theories and the third category includes Traditional Normative Accounting concepts (see later for an explanation of these categories).

We use 15 different categories of research methods as recorded in Table 6 deriving from the taxonomy in Beattie (2005): Econometric analysis/regression, discursive reasoning¹, other quantitative analysis/statistics, analytical modelling, case study, content analysis, experiment, archival analysis, questionnaire, interview, survey mixed, literature review, documentary evidence simulation, mixed methods and review papers. The "review papers" category describes cases where authors have been invited to comment on other papers, often in the same edition of the journal or where an paper is written solely as a critique of another author's work.

Finally, and as far as we are aware, for the first time in a published analysis of accounting literature, we drilled down into the empirical data to capture information on the number of individual observations (i.e. broadly, sample size), the number of years of data, the age of the

¹ In this case, we have decided to depart from the terminology used by Beattie (2005), who uses the term "reasoned argument" to describe an approach where the writer makes a case to support a proposition by providing evidence and logic and by making statements to convince the reader of the truth of the proposition. The term "reasoned argument" might be thought to carry with it connotations of an earlier period in accounting research when methodology was less well understood and used less appropriately. We wish to thank an anonymous reviewer of our paper for suggesting the alternative term "discursive reasoning", which whilst still not perfect comes closer to describing this research method category.

data across a range of different research methods (Tables 7 and 8). These included case studies, content analysis, questionnaire, experiment, interviews, regressions and other quantitative methods. This analysis provides some information on what constitutes sufficient empirical data from which to draw conclusions, across different methodologies.

6. Produce a range of descriptive statistics

We present a range of measures in the results section below, in seven main tables (Tables 2 to 8) consisting of descriptive data on published papers on financial accounting, author information (gender and affiliation), content, theories, research methods and sample characteristics. The names of the journals are referred to hereafter by their initials (which are listed in the Table 1).

Results

1. Basic Data: papers, pages and authors

We present the basic data relating to the journals in Tables 1 to 3. Of the total 1055 papers, 626 papers were found in 8 non-US journals (Abacus; Accounting, Auditing and Accountability Journal (AAAJ); Accounting and Business Research (ABR); Accounting, Organization and Society (AOS); British Accounting Review (BAR), Critical Perspectives on Accounting (CPA), European Accounting Review (EAR) and Journal of Business Finance and Accounting (JBFA)) and 429 found in the 3 US journals (Journal of Accounting and Economics (JAE); Journal of Accounting Research (JAR) and The Accounting Review (TAR)). Five journals (Abacus, JAR, JAE, TAR and ABR) had the majority of their pages devoted to financial accounting and reporting. The lowest financial accounting content was found in the two journals with a more theoretical and/or critical bias: CPA (24% of pages) and AOS (21% of pages). This lower volume of financial accounting papers in the more qualitative/critical journals is consistent with Beattie's (2005, p.93) assertion that "it seems clear that academics have largely disengaged from traditional normative theorising in relation to financial statements."

Insert table 1 about here

The journals containing the largest proportion of quantitative research (JAR, JAE, TAR and JBFA) tend to contain papers of longer than average length and between them account for 54% of the papers and 59% of the pages in the 11 journals studied.

Insert Table 2 about here

We present the gender of the authors and their geographical affiliations in Table 3.² Unsurprisingly, male authors predominated in all journals with only three journals having more than a quarter of female authors (*AAAJ* 30%, *TAR* 29%, and *EAR* 27%). Three out of the five journals with the lowest proportion of female authors are British (*AOS* 16%, *ABR* 17%, and *JBFA* 19%) with the remaining UK journal (*BAR*) slightly higher (at 22%) in this regard. We were not able to identify any specific explanation for these geographical differences in the gender of authors.

Insert Table 3 about here

The authors are categorised by their institutional affiliation into 6 groups: UK; Rest of Europe; Australasia; North America; Hong Kong, Singapore and China; and the Rest of the World. This may not, of course, necessarily be the authors' nation of birth but reflects instead the geographical area in which they are currently working. The first and possibly most striking point is the continuation of the geographical concentration of the journals noted by Lukka and Kasanen (1996). As a general rule the authors cluster in three groups. Australasian and British-affiliated authors publish mainly in Australasian and British journals, US-affiliated authors mostly publish in US journals and continental European authors publish mostly in the *European Accounting Review*. Given the requirement for researchers to demonstrate the international significance of their research as a measure of its quality, it seems likely that authors based outside of the US know that the chances of publishing in the US journals, which are placed highest in world-wide rankings, are very low and therefore choose instead to submit their work to Australasian and European journals.

² Where the gender of authors was not evident from their given names, we looked up the authors on the websites of their affiliated institutions to determine their gender. The gender of a small proportion of authors could not be determined in this way (usually due to the use of initials rather than names or where individuals were not full-time members of faculty).

This is particularly true for the three US journals (*JAE*, *JAR*, and *TAR*) which are rarely penetrated by authors of other affiliations, all having a US authorship of 90% or over and a UK authorship of 3% or less. Table 3 includes two measures of geographical concentration. The first is the proportion of papers published by authors whose affiliated institution is in the same geographical area in which the journal is published. The second reports the proportion of papers by authors from the two geographical areas that jointly contributed the highest proportion. The two geographical areas that seem to share journals and authors on a more equal basis are Australasia and the UK. Four of the main journals in these two areas accept more than 70% of their papers from Australasian and UK-affiliated authors (*ABR*, *AAAJ*, *Abacus* and *BAR*). *EAR* takes 77% of its papers from Continental European and UK-affiliated authors.

The most diverse authorships are found in *CPA* which although based in Canada at the time of this study, attracted only 25% of its authors from North America with 28% based in the UK and another 22% based in Australasia. *JBFA* also had a diverse authorship with 38% of authors based in North America, 31% based in the UK, and 14% based in continental Europe. *AOS*, in common with *JBFA*, had a higher proportion of papers from US-based authors than from UK-based authors. This perhaps reflects the fact that both journals have a longer history of listing in the Social Science Citation Index (SSCI) than other UK journals (*JBFA* was first listed in 2005 and *AOS* throughout the period of study, whereas the only other UK journal listed in SSCI was *ABR*, first listed in 2007). *AOS* is also the only non-US accounting and finance journal to be consistently rated highly in the US in peer surveys and reviews.

2. Content

The content of the 1055 papers is analysed in Table 4 into 8 different categories. There are 1275 observations of content in Table 4 since 220 of 1055 papers cover more than one content category. This structure derives from Beattie's (2005) taxonomy but has been adapted to better describe the characteristics of our sample and time period. There are four main content categories, the first of which has four sub-categories and the second three sub-categories: Market Based Accounting Research (MBAR), 476 papers; Accounting Practices and Regulation, 227 papers; Earnings Management and Accounting Choices, 213 papers and Disclosure and Annual Reports, 199 papers and four smaller categories, 160 papers. Following the suggestion of an

anonymous reviewer, we have not employed the category Beattie (2005) refers to as “normative” since this title is potentially confusing when applied as a content category and is more reflective of theory or method than content. Our study includes several types of research paper that were defined as outside the scope of Beattie’s (2005) study, namely those based in the social and political environment of accounting, MBAR and those relating to the public sector.

Insert Table 4 about here

Table 4 clearly identifies the extent to which certain journals specialise in certain content areas. The three US journals (*JAR*, *JAE* and *TAR*) and *JBFA* all favour papers dealing with MBAR research and Earnings Management. These four contain 409 (86%) of papers in the MBAR category. The Accounting Practices and Regulation category is distributed far more evenly across the journals, with *Abacus* publishing 21% of papers in this category and all other journals publishing fewer.

The content categories which appear more frequently in Non-US journals are Disclosure and Annual Reports, Accounting and the Social and Political Environment and Accounting History. For example, these three categories cover 70% of the papers in *AOS*. In particular, papers in the Disclosure and Annual Reports category published by authors from outside the US tend to be in the area of social and environmental accounting. Over 20% of the papers published appear in more than one content category and the three US journals and *JBFA* contain the highest number of these papers (ranging from 23% to 37%). This is partly a function of our choice of sub-categories since we have sub-divided MBAR into four categories, it being by far the largest group, and we may not have divided the other categories quite so finely. However, it is notable that all of the journals rated as 4*, the US journals and *AOS*, have a high number of papers that are in more than one content area. This may imply that in order to publish in the highest rated journals authors have to engage with a wider range of content areas.

In order to characterise the nature of papers in each content category we include in the appendix to this paper descriptions of eight “exemplars” relating to the content categories in Table 4. These papers were chosen based on the level of citations they have received and as

representative of typical content found in the 6 largest content categories. Since the papers with the highest citations in almost all categories are US authored papers the citation count for the non-US papers was examined separately to enable us to distinguish some of the characteristics of papers published by non-US authors.

The two papers chosen to represent the main characteristics of the *Market based accounting research (MBAR)* category are Bartov et al (2002) written by US-based authors and Gietzmann and Ireland (2005) written by UK-based authors. The papers in this category almost invariably employ methodologies and methods that were first developed and tested in the US so that much of the contribution of UK researchers involves replication studies and testing the models in different environments from the original ones. Most commonly, this category includes econometric analyses of the relationship between accounting variables or measures and stock market returns, analysts' forecasts or a firm's cost of capital. The theoretical discussion in these papers is usually based in economics and specifically agency theory or ideas of efficient contracting. US studies tend to have far greater sample sizes, as in the case of our exemplar, which has a sample of 64872 firm quarters. Possibly because of the smaller samples or the change in context, the statistical results for UK studies are rarely as robust as the original US results. In consequence, UK-based authors often find it necessary to justify their contribution to the literature by suggesting amendments to the original US model on either theoretical or empirical grounds. In the case of our exemplar, Gietzmann and Ireland suggest what they describe as an innovative measure of timely disclosure that attempts to capture the quality rather than the quantity of strategic disclosures. In undertaking our review we recorded in some detail the methods and models used in each of the papers and we observed no instances where the amendments proposed by non-US authors were subsequently adopted by US researchers. Our examination of the references sections of papers in US journals showed that they typically include very few references from outside the US. In contrast, empirical papers published outside the US frequently cite US studies and are often based on models developed and refined in the US.

In *Accounting practices and regulation*, the second largest content category, we include a paper by Schipper (2005), from the US. In this category there is a wider range of methodologies than

the MBAR category. The majority of papers by US authors in this set are published in *Journal of Accounting Research* and involve an attempt to model or quantify an accounting variable, trend or event. The main methodologies used here are econometric modelling, for example to identify the determinants of corporate disclosures and the construction of analytical models, usually based on market conditions and involving the concept of market equilibrium, for example a model of revenue recognition in a multi-period agency setting. The paper by Schipper (2005) that we detail in the appendix is unusual to the extent that it is a paper from a US author based primarily on discussion and critique rather than empirical analysis. This may be one of the reasons for its publication in a non-US journal (*European Accounting Review*). The paper presents a personal viewpoint, interesting because of Schipper's role in FASB, on some of the major issues affecting IFRS implementation including jurisdiction specific differences in incentives in the adopting countries and the problems associated with adopting fair values as a system of measurement. It is notable that Schipper's paper in *EAR* is cited far less frequently than the other paper in our exemplars to which she also contributed, which was published in the *Accounting Review* (31 citations compared to 154). In addition to Schipper (2005), the appendix includes a paper from the UK by Heald (2003) that represents two of the more common features of the non-US papers in this category. The approach of the paper is based on discussion and critique but more importantly, it reflects research into the public sector which is rarely found in US work. In this case, the paper analyses the issues in assessing value for money (VFM) in PFI schemes. As such, it concerns itself with governmental politics, the details of accounting standards and suggesting policy advice, related here to a framework for assessing VFM in practice. This type of analysis and objectives are rare in US research even in unusual papers such as Schipper (2005), which takes a narrower view of the debate and focuses on the accounting profession.

In the *Disclosure and annual reports* content category, our exemplar is Bushman et al (2004). This paper is US-authored and very typical of papers in this area. It is an empirically-based paper concerned with quantifying a measure of accounting disclosure, here corporate transparency. In this case, the findings are based on factor analysis but more commonly the papers in this group use regression models.

The exemplar for *Earnings management and accounting choices* is a paper from UK-based authors, Peasnell et al. (2005). Again, this category is largely dominated by US research and the methodologies used are fairly uniform across journals and authors (for example models of income-smoothing and discretionary accruals). Peasnell et al. (2005) used logistic regression models of discretionary accruals to relate the presence of non-executive directors to firms' abnormal accruals. As with many such studies performed outside the US, the results are less significant in statistical terms than in studies with large US samples. Peasnell et al. (2005) find that the likelihood of managers making income-increasing abnormal accruals is negatively related to the proportion of outsiders on the board but this relationship disappears when pre-managed earnings are high and the relationship is not affected by the presence of an audit committee.

The exemplar selected for the *Corporate failure, distress and fraud* content category is a US study authored by Kinney Jr. et al. (2004) which also uses logistic regression, in this case to model the relationship between earnings restatements, auditor independence and the provision of non-audit services. The analysis and conclusions presented here provide a notable contrast to the approach taken in the paper by Heald discussed above, which we might characterise as typical of US and non-US research. Kinney Jr. et al. refer in the title of their paper to government policy ("was the US government right?"), however their paper provides no analysis of the political context for their study beyond stating that the SEC had introduced new rules. In their conclusion, they state that their work addresses "the presumptions implicit in US government actions of 2000 and 2002" (p. 584) and the motivation of the SEC in making the changes is assumed rather than investigated. Heald (2003) on the other hand, devotes a significant proportion of his paper to developing the political and historical context of his analysis and his conclusions derive primarily from this process.

A similar contextualisation can be seen in the paper representing the *Accounting and the social and political environment*, Tinker and Gray (2003). The papers in this category are predominantly written by non-US authors and generally their main focus is the contextualisation of the analysis and the theorisation and critique of the issues involved. Tinker and Gray (2003) theorise their analysis of the environmental accounting literature with reference to Kant's

Critique of Pure Reason. They then engage in a discussion of the politics and epistemology of the subject in a way that is rarely seen in US financial accounting research and in the more mainstream content categories. Their conclusions are extended to the nature of knowledge in the accounting discipline and its development through teaching.

3. Theory

Table 5 contains an analysis of the theoretical basis of the journal papers. Rather than numbers of papers, we record the number of times a particular theory was used and since thirteen papers in our sample used theories from two categories, the overall total for Table 5 is 1068 rather than 1055 (the number of journal papers). As already explained, we use three main categories: first, theories based in *Economics and maths* (578 references to theory, 74% of the total) comprising “positive accounting theory” (471 references), “other economics” (76 references), “finance theories” (17 papers) and “maths and statistics” (14 papers). Second, *Human sciences and behavioural theories* (comprising 136 references, 17% of the total). This group is broader in scope conceptually than the theories in the *Economics and maths* category, including theories deriving from history, organisational behaviour, sociology, psychology, anthropology, and politics.³ The third category of theory we identify, *Traditional normative accounting concepts* (68 references to theory, 9% of the total), is named with reference to the work of Rutherford (2010) and Zeff (1989). This category captures debates on accounting regulation such as the principles versus rules debate; discussions on GAAP and voluntary or enforced accounting standards; ideas from the conceptual framework of accounting; the basic measurement principles of accounting; references to the qualitative characteristics of accounting information; concepts from IFRS/US standards; decision usefulness; concepts of asset valuation; fair values and revenue recognition. There is some debate about whether the concepts in this category constitute “theories” in the traditional sense of the word. Many of them derive from the conceptual framework created by the accounting profession and thus lack the theoretical rigour of more traditional disciplines. It might be argued that the original source discipline for many of

³ It could, of course, also be argued that Economics is a human science but, in our study, the use of economic theory is coupled with econometric analysis in almost all cases and it therefore makes more sense to bracket Economics with Maths and Finance to illustrate the methodological content of the papers we are analysing. The exceptions to this rule are two papers published in *AOS* based in critical economics, which are a better fit with the nature of the Human Sciences category (Suzuki, 2003 and 2007).

these ideas is also Economics but we classify this group separately for three main reasons. Firstly, these papers do not usually acknowledge any link to Economic theory or literature and its influence over a given paper, analysis or piece of research is difficult to determine. Secondly, this category illustrates an important difference between US and non-US publications, as papers based on *Traditional normative accounting concepts* are almost all found in non-US journals and finally, these papers often present different types of findings to other papers and frequently contain specific recommendations for financial accounting practice and for regulatory bodies.

There are several important overall observations in relation to theory use. There were 286 papers in our review in which the authors did not explicitly identify their work with a particular theory. These papers all contain some sort of empirical evidence, the majority including econometric analysis, although others are based on content analysis, interviews and experiments. Common themes amongst this set include analysis of disclosure and description of accounting practices. For example Ciaran and Hyndman (2006) provide interview evidence on the adoption of accruals accounting in the public sector and Wasley and Shuang Wu (2006) predict by use of a logit model, the probability that firms will voluntarily disclosure a cash flow forecast.

Some of these papers could, by implication, be identified with positive accounting theory as the use of econometrics and empirical data involves a realist approach, implying a theoretical framework based in Economics. It could be argued that once a methodology is sufficiently well understood writers no longer bother to acknowledge formally the theoretical basis of their work. (the “normal science” idea found in Kuhn, 1962). However, in the context of financial accounting literature and other relatively young disciplines in social science, it can be difficult to distinguish research that does not establish a theoretical motivation because the background is already well understood from research that has no theoretical basis. Therefore, we classified the papers based on the authors’ own descriptions of their theoretical frameworks rather than assuming the work to be motivated by theories that the authors had not referenced themselves.

Insert Table 5 about here

Table 5 demonstrates that particular theories were associated with particular journals. Four journals (*JBFA*, *TAR*, *JAR* and *JAЕ*) accounted for 78% of the most frequently used theory, *Positive accounting theory*. *PAT* was also used in the majority of papers in these 4 journals: 89% of *JBFA* papers with an explicit theory; 71% of *JAR* papers; 79% of *JAЕ* papers; 83% of *TAR* papers. *PAT* was also the dominant theory in four other journals: in *Abacus*, accounting for 46% of the times theories were used; in *ABR*, 45%; in *BAR*, 59% and in *EAR*, 58%. The third most popular category, *Other economic theories* (76 uses), was dominated by four journals: *JBFA* (11 uses of theory), *JAR* (32 uses), *JAЕ* (9 uses) and *TAR* (12 uses). Overall, these constituted 64 out of the 76 papers in this category (84%).

Our exemplar for the *Economics and maths* theory category (see appendix) is a paper based on *Positive accounting theory*. Francis et al (2004) examine the relation between the cost of equity capital and seven attributes of earnings: accrual quality, persistence, predictability, smoothness, value relevance, timeliness, and conservatism. The reasons why this paper is typical of its genre are its wide-ranging objectives, large sample size (39717 firm-years), econometric modelling and its use of quantitative proxies to measure accounting attributes.

The second most popularly used theory category was *Traditional human sciences*. This category was dominant in three non-US journals: *AAAJ* (where 39% of the theories used were in this category), *AOS* (67% of theories used), and *CPA* (64% of theories used). The exemplar chosen to represent the *Traditional human sciences* category is Quattrone (2004), which provides a critical historical account of accounting and accountability practices within the Society of Jesus in the 16th and 17th centuries. Table 5 also identifies separately a group of theories developed more recently, which feature exclusively in the non-US journals (*AAAJ* in particular). This group includes legitimacy theory, stakeholder theory and institutional theory and has its roots in theories of organisational behaviour and management. We encountered 33 references to these theories, the majority of which appear in *AAAJ*, but there were also some references in *AOS*, *BAR*, *CPA* and *EAR*.

The only other category that was used to any extent was *Traditional normative accounting concepts*. These theories/ideas were found in 68 papers, however this category was virtually

absent in the more quantitative journals. *Traditional normative accounting concepts* featured particularly in *Abacus* (24 papers) and *ABR* (19 papers), constituting 35% and 36% of references to theory in *Abacus* and *ABR* respectively. Together, these journals accounted for about two-thirds of papers in this theory category. The exemplar for the *Traditional normative accounting concepts* category is Alexander and Jermakowicz (2006). This paper focuses on the principles versus rules debate in accounting standard setting and presents a discussion and analysis of alternative perceptions of accounting regulation. The characteristics of this paper that render it typical of the category are its use of discursive reasoning (see the later section on research methods); its engagement with the context of the research question (in comparing the nature of the regulatory process in the US and Europe) and its conclusions, which include recommendations for accounting regulators and a commentary on the difficulties inherent in global GAAP.

All the other theory categories were used relatively little and together constituted only 83 out of 782 explicit uses of theory (11%). The non-US journals clearly contain a more diverse range of theory than the US journals, with *ABR*, *Abacus*, *BAR* and *EAR* having a far more uniform distribution across the theory categories than any other journals. By contrast, *CPA*, *AOS* and *AAAJ* focus on the *Human sciences* category and the three US journals and *JBFA* use theories from *Economics and maths* almost exclusively. The exceptions to this are two papers each in both *JAR* and *TAR*, which are based on traditional normative accounting concepts. The subjects of these four papers are fair values and income measurement; revenue recognition; enforced standards compared to GAAP, and implementation guidance on accounting standards (Hirst et al, 2004; Altamuro et al, 2005; Jamal et al, 2005 and Clor-Proell and Nelson, 2007).

4. Research methods.

Fifteen different research methods were mapped across the eleven journals. The totals for Table 6 (below) sum to more than the number of papers in each journal as some papers are classified as using more than one method. The totals are therefore expressed in terms of the number of times each method is used. The two most popular methods accounted for over 50% of all uses of methods: regression/econometrics (486 times) and discursive reasoning (202 times). The two exemplars chosen to represent the largest categories are both papers already discussed above in

the *Theory* section (Francis et al, 2004, to illustrate the *Econometrics* category and Tinker and Gray, 2003, to illustrate *discursive reasoning*. Other research methods categories, the most significant of which have exemplars included in the appendix, include:

Insert Table 6 about here

Other quantitative methods/statistics (96 cases): includes quantitative analyses other than regression models such as portfolio analysis, event studies not involving regression analysis, reconciliations between different GAAPs, reconciliations between tax profit and accounting profit, and other statistical analyses.

Analytical modelling (81 cases): involves the construction of a theoretical model of the relationship between economic and accounting variables, often based on a single-period equilibrium model. (Exemplar: Lambert et al, 2007).

Case Studies (60 cases): analyses based on particular organisations or institutions, which may also include some interviews, questionnaires, content analysis or (less frequently) mathematical models. (Exemplar: O'Dwyer, 2005).

Content Analysis (56 cases): usually an analysis of annual reports but sometimes based on comment letters for exposure drafts, accounting standards or websites. The analysis frequently includes narratives, financial statements, pictures and graphs. Techniques for content analysis include word counts, searching for phrases and also some wider descriptive analyses of “content”.

Experiment (42 cases): experimental research designs where subjects are usually asked to solve a problem or comment on a case. Most frequently administered to groups of students (often MBAs) but sometimes analysts or other professional groups.

Archival analysis (33 cases): includes analysis of financial statements, company reports, historical records, comment letters on draft accounting standards or market and analyst forecast data.

Questionnaires (30 cases) and Interviews (25 cases): considered self-explanatory as research methods. (Exemplar: Deegan and Blomquist, 2006).

Table 6 also includes two types of methods involving reviews. The *literature review* category contains papers reviewing a range of literature on a particular topic whereas “review papers” are papers providing a critique of a single paper, often in the same issue of a journal. There were 102 “review papers” in our study. Because review papers differ in nature from other papers and their authors are frequently invited by editors to provide a critique of another paper, we exclude this category from the overall totals.

As before, particular research methods tend to be associated with particular journals. The three US journals and *JBFA* focussed almost exclusively on quantitative methods. The three most commonly used methods in these journals were *regression/econometric models*, *other quantitative methods* and *analytical modelling*, accounting for respectively 93%, 87%, 91% and 83% of methods used in *JBFA*, *JAR*, *JAE* and *TAR*. These three methods were also used to some extent in all of the other journals, particularly *Abacus* (34% of methods used), *ABR* (47%), *BAR* (52%) and *EAR* (47%).

A mirror image pattern is seen for the *discursive reasoning* category, which is used very rarely by the four quantitative journals. The non-US journals all include significant proportions of papers using *discursive reasoning*, with the exception of *BAR* and *JBFA*, which included only 7 and 3 such papers respectively. *Discursive reasoning* was common in *CPA* (48 times, 24% of discursive reasoning total), *Abacus* (39 times used, 19% of total), *EAR* (28 times, 14% of total), *AAAJ* (26 times used, 13% of total) and *AOS* (26 times, 13% of total). Three journals are notable for their publication of both papers using quantitative methods and papers applying discursive reasoning, *Abacus*, *ABR* and *EAR*.

The other less frequently used research methods were also often favoured by particular journals. For example experimental research designs are found most often in *TAR* (48% of all experiments). Archival methods were most often found in *AOS* (8 papers). *AAAJ* and *CPA* had the greatest incidence of case study methods (21 times and 15 times respectively). *AAAJ* and *AOS* carried the majority of papers based on interviews (jointly 60% of such papers). Six journals jointly constituted 84% of all papers using content analysis: *AAAJ* (12 papers), *BAR* (9 papers), *CPA* (9 papers), *AOS* (7 papers), *EAR* (5 papers) and *Abacus* (5 papers). Four journals,

Abacus, *BAR*, *EAR* and *TAR* carried the majority of papers using questionnaire/survey methods (70%) – although for *TAR* this was a minority methodology.

For literature reviews, a clear difference exists between US and non-US journals with 90% of such papers appearing in non-US journals. The incidence of review papers (papers based on a critique of a single paper) appears to vary according to editorial policy. *JBFA*, *JAЕ* and *JAR* publish them relatively often, whereas four journals do not publish them at all (*AOS*, *BAR*, *CPA* and *EAR*).

From Table 6 it can be seen that 20% of the papers use multiple research methods. These papers are concentrated in the three primarily qualitative and critical journals (*AAAJ*, 29% of papers; *CPA*, 55% of papers; and *AOS* 67% of papers). This reflects the common and multiple uses of qualitative research methods such as interviews, questionnaires and case studies, which we have recorded as separate research methods. By contrast the leading quantitative journals focus on one method, regression analysis.

5. Sample characteristics.

The sample characteristics we present are an attempt to describe, across different journals, different research methods and methodologies, and what constitutes sufficient empirical evidence in financial accounting research for a journal editor and reviewers to consider that a paper makes a significant contribution to knowledge. The results for papers employing empirical data are reported in Table 7 (qualitative data) and Table 8 (quantitative data). Tables 7 and 8 report for each type of study, the number of cases, subjects or observations, the number of years of data and the age of the data (estimated by the number of years between the last year of data collection and publication). For each of these measures we report the average (median) value and the range. It should be noted that not all papers disclose the necessary information on sample characteristics for inclusion in this analysis. *CPA*, in particular, contains a number of papers based on critiques of pieces of documentary evidence (often archive material) which could not be described as samples or case studies and so are not included here.

In Table 7, we look at case studies, content analysis (Panel A), questionnaires, experiments and interviews (Panel B), while, in Table 8, we investigate sample sizes used in regression models and other quantitative analyses.

Insert Table 7 about here

We found 56 papers using identifiable case studies with sufficient descriptive detail to enable further analysis (primarily in *AAAJ* and *CPA*). In general, most case study papers are based on one or two cases, with the maximum being two instances of 6 cases (papers in *AAAJ* and *EAR*). On average, the case studies covered about 4.5 years; most were, therefore, longitudinal studies. In one exceptional case published in *AOS*, the study covered 300 years, being a historical, archival case study of the British Cotton Industry (Toms, 2005). A large, historical case study based on a Spanish bank, including 123 years is also included in *EAR* (Marcia and Marta, 2002). Case studies and interviews tend to be published relatively quickly compared to other research data (taking an average of 4 years). Generally, papers are published around 4 to 6.5 years after the end of the period of data collection/analysis for all methods. The slowest to be published were papers including questionnaires, which took an average of 6.5 years.

Fifty six papers using content analysis included sufficient information for our analysis. The median number of firms/cases was 71 and the average number of years was 2. However there is a notable difference between US and non-US journals in this area. The two US journals using content analysis covered significantly more firms for longer periods than the non-US journals, used computerised search and analysis tools and provided evidence of a more quantitative nature. *JAE* has one paper (Butler et al, 2004) with a sample size of 7093 observations and a time period of six years. This research involved a web-based sampling programme that identified adverse audit opinions in company annual reports and related the incidence of these to abnormal accruals. The sole paper in *TAR* using content analysis (Francis et al, 2002) was based on a sample size of 2190 press releases for 30 firms, covering 20 years. As with Butler et al (2004), content analysis is used to produce variables for use in various regression models based on earnings response coefficients, risk adjusted market returns and unexpected earnings. Francis et al produce a coding scheme for the press releases and count the number of “concurrent

disclosures” of information such as financial statements, operating information and non-recurring components of earnings. The qualitative components of announcements were also identified as “good news” or “bad news”, on a subjective basis and binary variables were included in the regression models to reflect this classification.

This suggests that US journals have a different expectation of such studies from non-US journals. Studies outside the US tend to use a smaller number of cases and analyse content in far greater detail or collect data that are not so easily extracted or measured and which may not be so easy to model. Of the non-US journals, *ABR* stands out as having larger sample sizes (ranging from 100 to 788 firms) while *AOS*, *EAR*, *AAAJ* and *CPA* have more modest sample sizes, averaging 100, 67.5, 52 and 24 respectively. In many of the non-US studies the main focus of the paper is the content analysis itself, as opposed to content analysis being one component of an econometric analysis, and the data are used to provide evidence about disclosure practices or stakeholder needs. For example, Nongnooch and Sherer (2004) analyse the social accounting disclosures of 147 Thai firms. The paper includes some descriptive statistics but mainly provides a critical analysis of social accounting practices in Thailand.

The number of years covered in content analysis studies ranges from an example in *CPA* with only 6 months’ worth of data based on banks internet disclosure (Coupland, 2006) to the *TAR* example described above (Francis et al, 2002). Finally, the length of time from the collection of the data to publication ranged from 2 to 13 years with an average of 5 years.

There were thirty one papers using questionnaires, which had on average 126 respondents. Once again, one study had an unusually large sample, in this case 401 respondents (Graham et al, *JAE*, 2005). This was a questionnaire relating to income smoothing, distributed to company executives by email. All the remaining journals had average sample sizes of over 100 except for *CPA*, which contains only one study with a sample size of 59. Very few studies were published in less than 5 years with the average being 6.5 years after the collection of the questionnaire data.

In the 27 interview based papers, the number of interviews per study ranged from 3 (*Abacus*) to 57 (*BAR*) with a median of 20 and the age of the data at publication ranged from 2 to 11 years

(median, 4 years). Many of the studies with lower numbers of interviews (such as those in *Abacus*) typically used mixed research methods, including case studies or questionnaires, or include more contextual analysis. The *Abacus* study was based on 3 interviews with accounting regulators and also included an analysis of comment letters on an exposure draft (Hodges and Mellett, 2005). Another study in *Abacus* based on five interviews, included content analysis of the accounts of 171 companies (Georgiou, 2004).

Finally we analysed 42 experiments. In terms of the average number of experimental subjects, four journals led the way: *AOS* (140.5 subjects), *JAЕ* (124 subjects), *JAR* (120 subjects), and *TAR* (92 subjects). Overall, the average number of subjects per experiment was 89. Few papers disclosed enough information to judge the age of the data or when the experiments were conducted. In the vast majority of cases, the experimental subjects were students (most often post-graduates) acting as proxies for investors, users of financial reports or other decision makers. In a few cases, experiments were conducted using groups of analysts or qualified accountants. A typical example of an experimental design is Fredrickson and Miller (2004) who use 34 analysts and 46 MBA students to study of whether pro forma earnings disclosures affect equity valuation decisions.

Table 8 includes the analysis of studies using econometrics and other quantitative analyses. The results are presented under three headings: models using firm-years (or quarters), other regression models (not using firm-years/quarters) and other quantitative analyses. Papers using regressions with data other than firm-years (e.g. daily returns or forecast errors) are shown separately as these sample sizes tend to be very large, therefore including these studies, although they are small in number, would have skewed the descriptive statistics for the whole regression category.

Insert Table 8 about here

There were 452 papers suitable for analysis that used regressions based on firm-years/quarters. The three US journals and *JBFA* provided the majority of such studies (75%). In order to derive a comparable measure of sample size where the exact number of firms was not disclosed but the

number of observations was, we divided the total number of observations by the number of years of data to estimate the average number of firms per year (Table 8). Two studies in *JAR* are based on very large samples but do not specify their exact number of observations. Sadka (2007) lists his sample as “all CRSP and Compustat firms” and Bushman et al (2004) describe their sample as from 41 to 46 countries with 34 to 180 firms in each. As the total number of observations in these samples is not disclosed we excluded them from the analysis. We also report median rather than mean sample sizes to minimise the effect of this exclusion and any bias arising from a small number of studies with extremely large sample sizes.

The median number of firms and median number of years were 477 and 8 respectively. The median sample size of studies in US journals (692 firms) is three and a half times that of non-US journals (193 firms). Of the studies in US journals, 49% involve samples containing more than 1000 firms compared to 19% of studies in the non-US journals. Notable exceptions to this trend are two very large studies included in *ABR*. The first, Daske et al (2006) covered 14 different countries with more than 60000 firm-years. The second, is a US-based study, using an earnings response coefficient model, with more than 30000 quarterly earnings announcements (Gnanakumar, 2006). *EAR* also contains one paper with a very large sample (over 78000 firm-year observations) of Norwegian firms (Langli and Saudagaran, 2004). One of the major qualitative journals used the smallest mean number of firms in regression analyses (*AAAJ*, 56.5), but included only four such papers.

In general, the four quantitative journals used the longest time spans (the median being 9 years and the maximum 50 years). The minimum time-spans are for cross-sectional regression models which, obviously, use data from a single year. The averages for non-US journals were all much lower (a median of 6 years of data and a maximum of 32 years). On average across all journals it took 5 years from the last year of data collection to publication, however the ranges were wide. We exclude from this analysis historical studies where there is clearly a reason for older data. Apart from these studies, all journals except *EAR*, included some papers where the data were more than ten years old at the time of publication. One paper in *Abacus* included data that were 17 years old, one in *JBFA* 16 years old, and two papers in *JAR* and *TAR* included data that were 15 years old at the point of publication.

In the *Other Regression Models* category fewer papers were suitable for analysis (32). These were published in the four quantitative journals (with 75% appearing in *JAR* and *TAR*). The average number of data points in these studies is vast, as some of them are based on daily stock return observations and others have very long time series (averaging 15 years across the four journals).

The category for *Other Quantitative Analyses* includes 82 papers and is a much less homogenous group. The studies in this category include analyses such as option pricing models, portfolio returns, variance decomposition, volatility measures, estimates of the cost of capital, statistics relating to the properties of analysts' forecasts, yield curves and investment strategies. The US journals (*JAE*, *JAR* and *TAR*) used larger samples (respectively, median numbers of observations were 1109, 468, 498) although the only study in *AAAJ* in this category also uses a large sample, 472 observations. Outside of the US, the study with the highest sample size, 7761 observations, (Clatworthy et al, 2007) is found in *BAR* and is based on a US dataset and a bootstrap model of analysts' forecasts. JFBA has a similar number of papers in this category to the US journals and includes papers with a wide range of sample sizes (ranging from 3 to 6370). The study with a sample of 3 (Ewing et al, 2005) is unusual as the regression models in question are ARCH and GARCH (auto-regression) models based on three stock market indices in the health care sector and therefore the sample size is not comparable to a sample based on firm-years.

The remaining six journals (*Abacus*, *ABR*, *AOS*, *BAR*, *CPA* and *EAR*) contained 27 papers in the *Other Quantitative Analyses* category with much smaller data sets on average (ranging from 8 to 7761 observations). These analyses included measures of correlation, readability indices, inflation adjustments, industry benchmarking and a study estimating projection errors in environmental capital expenditure. The median was 5 years of data across all journals, although five journals (*ABR*, *CPA*, *JBFA*, *JAE* and *JAR*) included samples with over 25 years of data. On average it took five years to publish such papers after the data collection.

Patterns across journals

We further investigated patterns in the content, themes, research methods and samples between the journals. We group journals into three broad categories: first, empirically-orientated, quantitative journals, including the three US journals (*JAR*, *JAE* and *TAR*) and the UK's *JBFA*; second, a set of three journals, primarily qualitative and critical in nature; (*AAAJ*, *AOS* and *CPA*; the latter is unusual in being partly US-based and but still more qualitative) and finally, a set of four generalist journals (*Abacus*, *ABR*, *BAR* and *EAR*). The first two sets of journals were much more consistent in their content, themes, research methods and samples than the generalist journals.

The four quantitative journals concentrated mostly on *MBAR* and *Earnings management and accounting choices*. In all cases, these two categories constituted over 70% of the journal content (*JBFA* 83%, *TAR* 81%, *JAE* 76% and *JAR* 70%). This contrasts starkly with the next two journals, *EAR* and *ABR*, whose content in these two categories consisted of only 34% and 33%. In terms of the theory underpinning these papers, once again these four journals were highly concentrated. Positive Accounting Theory (PAT) was by far the most dominant theory (89% *JBFA*, 71% *JAR*, 79% *JAE*, and 83% *TAR*). Almost 80% of the content of these four journals is based on theories from Economics and Maths. By contrast, these journals carried no papers based on *Human sciences and behavioural theories* and in all four journals there were only four papers in the *Accounting and the social and political environment* category. In many cases writers in *MBAR* do not fully acknowledge the theoretical origins of their work or specifically consider the contribution of their work to the development of positive accounting theory.

In terms of research methods, quantitative methods dominated, particularly econometrics. Regression models accounted for over 50% of the methods used in each journal (*JBFA* 72%, *JAR* 53%, *TAR* 69% and *JAE* 70%). *JAR* is somewhat lower than the others because of a higher proportion of papers employing analytical modelling. These journals carried very few papers using qualitative methods, for example only 7 of the 202 papers based on discursive reasoning are found in these four journals.

The three journals classified as primarily qualitative (AAAJ, AOS, CPA) were also clustered in their content, themes and methods, although not so rigidly as the four quantitative journals. This clustering was particularly evident in terms of theories and research methods. *Human sciences and behavioural theories* dominated (87% AOS, 73% AAAJ and 72% CPA). By contrast there was very little use made of PAT (AAAJ 8%, AOS 7% and CPA 0%). In terms of research method, discursive reasoning dominated (29% in AAAJ, 37% in AOS and 52% in CPA). One notable exception to our broad classification rules is *Abacus* which was also a frequent user of discursive reasoning (39%). There were, however, very few uses of regression models (CPA 0%, AAAJ 4% and AOS 7%). In terms of content, MBAR papers were extremely rare, with 3 in AOS and none in the other two journals. The largest content categories for these journals were the *Disclosure and annual reports* and *Accounting and the social and political environment* categories, which between them accounted respectively for 57%, 58% and 42% of the content of AAAJ, AOS and CPA. A notable difference in the content of these three qualitative journals is that 10 papers in CPA (14%) were classified in the *Earnings management and accounting choices* group, compared to 2 papers in AOS and none in AAAJ.

The four more generalist journals (*Abacus*, *BAR*, *EAR* and *ABR*) included more mixed content, theories and different research methods than the quantitative or qualitative sets of journals. For example, in terms of theories between 24% and 35% of their papers were motivated by PAT (*EAR* 24%, *ABR* 30%, *Abacus* 34% and *BAR* 35%). The use of theories from *Human sciences* ranged from 6% in *Abacus* to 16% in *ABR*, whereas the use of *Traditional normative accounting concepts* varies more widely, from 14% in *BAR* to 35% in *Abacus*. In terms of research methods, all four journals contain papers using both regression (ranging from *Abacus* 26% to *BAR* 36%) and discursive reasoning (*BAR* 12% to *Abacus* 39%) and a range of other research methods. In three of the journals there are almost equal numbers of qualitative and quantitative research studies, whilst in *Abacus* qualitative work was greater but still lower than the three primarily qualitative journals. Finally, in terms of content, the three main areas were MBAR (ranging from 14% of content in *Abacus* to 25% in *BAR*), *Accounting practices and regulation* (ranging from 15% in *BAR* to 36% in *CPA*) and *Disclosure and annual reports*, ranging from 13% in *Abacus* to 33% in *BAR*.

The patterns we see in research themes and approaches across different journals and geographical areas may well reflect underlying differences and changes in the political and economic environment. For example, there is a tradition in the UK of debate about, and research into, issues of corporate governance. This strand of the literature can be traced back to significant corporate and institutional failures occurring in the 1980s such as the collapse of large firms like Polly Peck and the Mirror Group. This led to an increased regulatory interest in issues of corporate governance, resulting in the development of the Cadbury Code and other subsequent legislation and guides to best practice. A parallel interest in researching such issues can be seen in the financial accounting literature.⁴ Similarly, the increased level of interest in social and environmental issues that we observe in Australasia might be attributed to their history of greater consciousness and regulation of these matters at the governmental level.

Particular themes in the financial accounting literature also arise from debates that take place in the accounting profession and between academics and the profession. The UK and Australasia have a history of debating the issues we describe as “normative accounting concepts” and this derives in part from the influence of key academic writers such as, among others, Ray Chambers (Australia) and Edward Stamp (UK and Canada). The legacy of these writers is extensive debate following from their ideas, particularly in areas such as the measurement bases for accounting income and assets and the valuation of intangibles, which we see reflected in the UK and Australasian financial accounting literature.

Concluding comments

The 1055 papers reviewed and analysed in this study demonstrate the importance of financial accounting research in the top accounting journals in the period 2002-2007. They constitute 47% of the papers and 45% of the pages in the journals considered. The literature review we have undertaken is different from most others found in the financial accounting literature. The usual approach to literature review results in a detailed analysis of a specific topic, written to identify a gap in current research. Typically, reviews are embedded in the existing knowledge structure of the discipline, which is divided on the basis of paradigm, content and to an extent, geography. We have tried in our own review to draw a picture or cognitive map of research over the entire

⁴ We are grateful to an anonymous reviewer/editor for making this point.

discipline with a view to adding to the understanding of the epistemology of financial accounting research. Our review is therefore far greater in size and scope than a typical review and focuses less on the detail of a particular topic area and more on trying to map the topography of the whole discipline.

We have also developed a taxonomy for classifying financial accounting research papers with respect to their content, theoretical background and research methods. We analyse research papers from a wide range of research methodologies and theoretical backgrounds and this allows us to draw conclusions about the nature of financial accounting research in its entirety. We also provide 14 exemplars of papers that have been cited widely and are chosen to illustrate the characteristics of research across the different categories of content, theories and research methods. In addition for empirical studies we provide information on the nature and characteristics of data employed in financial accounting research. Consideration of the literature in this way gives an insight into the characteristics of research deemed by virtue of its publication in a top journal, to make a contribution to the development of knowledge in financial accounting research. We then draw some conclusions about the contribution of UK accounting researchers to the development of financial accounting knowledge. Within these conclusions we offer some particular guidance for new researchers and PhD students.

The eleven journals we analysed include considerable numbers of financial accounting papers (1055 in total) with all of them having greater than 20% of their content devoted to financial accounting. This was particularly true in the US journals and JBFA. It is perhaps unsurprising that the picture deriving from the analysis is one of a field dominated by US journals and writers and by quantitative methodologies, which almost always involve econometric or analytical models. The majority of accounting researchers worldwide engage in studies of *MBAR*, earnings management and accounting choice and the theories driving their work are founded in Economics and Maths, particularly Positive Accounting Theory. The increasing availability of large US databases such as Compustat and CRSP, and the continuing esteem in which US journals and their research approach is held have both contributed to the rise of US journals and quantitative research in financial accounting. Our results provide a basis to assess the extent of

the domination of the research environment by quantitative methods, US authors and *MBAR* in particular.

The data we provide on individual journals show a definite pattern in the approaches they adopt, largely driven by research paradigm. The journals fall into three groups of journals: first, a set of primarily quantitative journals (the three US journals, *JAR*, *JAE*, *TAR* and the UK's *JBFA*); second, a set of three more qualitative/critical journals (*AAAJ*, *AOS* and *CPA*) and lastly, the four more generalist journals (*Abacus*, *ABR*, *BAR* and *EAR*) which are more eclectic in nature. These three groups of journals adopt different theoretical and methodical approaches and have different areas of content. Because of the obvious US/non-US split in the journals in terms of content, use of theory and research methods, we based our analysis on this categorisation rather than trying to separate out and characterise the contributions from UK-based authors specifically. In any case, UK-based authors represent by far the largest population of authors within the non-US category (43%). Beattie (2005) noted an increasing trend of UK authors collaborating with those from Continental Europe. In our study we see a continuation of this trend and also a significant number of UK authors collaborating with those from Australia/New Zealand who publish in UK and Australasian journals. In this context the US/non-US split seems more appropriate than providing separate data by country.

The very small number of non-US authors who publish papers in US journals tend to do so by collaboration with a US author but these instances are rare. Eighty four of the 922 authors in the three US journals were from outside the US and of these, only 15 were from the UK (see also Raffournier and Schatt, 2010). The largest volume of papers from non-US authors engaging in mainstream quantitative research appears in *JBFA*. Typically, this type of work involves the replication of studies originally carried out in the US, using different data and smaller samples. Whilst replication studies are undoubtedly important in empirical work, it is most commonly the case in financial accounting research that the results prove to be less significant in statistical terms than those from the original setting. In order to justify their contribution to knowledge, non-US authors tend to suggest amendments to the original models on either empirical or theoretical grounds. We observed no evidence in our sample that these amendments are subsequently adopted in large-scale American research studies but they are sometimes used in

other non-US studies. Often in non-US settings, data comparable to that contained in the CRSP or Compustat databases is much more difficult to collect. Studies that involve the manual collection of data are deemed to make a sufficient contribution on the basis of much smaller sample sizes than those using databases. Another interesting point to note, particularly given the recent global interest in analysing the narrative sections of annual reports, is that content analysis is used as a research method in different ways by US and non-US researchers. The most common form of content analysis in US studies involves counting numbers of disclosure items or numbers of words and using the resulting variables in a regression model. Outside the US, the content analysis itself is the main focus of the study and is more textually based, often including analysis of the meaning and tone of the narrative items that are assessed subjectively.

Turning from the US journals and *JBFA*, we find in the other seven journals, distinct characteristics in terms of content, research methods and theoretical motivations. These journals include 46% of the papers in our sample and they publish more than 50% of papers in seven content areas: *Accounting and the social and political environment* (91% of the category); *Accounting history* (89% of the category) and *Financial reporting research* (81% of the category); *Accounting practices and regulation* (75% of the category) and *Disclosure and annual reports* (65% of the category). Within the *Disclosure and annual reports* category, research areas particularly favoured by non-US authors are studies of special reporting formats and media; corporate social responsibility and the disclosure of intangible assets. These themes may well derive from the political and economic factors specific to the individual geographical area, which were mentioned earlier.

These journals tend to publish far more papers based on qualitative methods. They published the majority of studies in seven qualitative methods categories: case studies (98% in the category); discursive reasoning (97%); interviews (92%); archival analysis (94%); content analysis (91%); literature reviews (90%) and questionnaires (67%). Non-US authors thus use a greater diversity of research methods and make a contribution that is unique, although small in global terms, to financial accounting research by using qualitative methods.

Research in the non-US journals (excepting *JBFA*) is also distinct in terms of its theoretical framing. The seven journals published 100% of the work using *Human sciences and behavioural theories* and 94% of the work using *Traditional normative accounting concepts*. Overall, therefore, the unique characteristic of work by authors from outside the US (and thus UK authors) is that it draws far less on theories derived from Economics and Mathematics. In particular it draws upon the disciplines of *Traditional human sciences* and more recently-developed theories from Organisational Behaviour and Management such as Legitimacy Theory, Stakeholder Theory and Institutional Theory.

In terms of what this means for new researchers or more experienced researchers looking for a new direction, we have considered the advice we would give to our PhD students or new recruits to academia. We would advise them as follows: firstly, the chances of publishing in accounting are on average, lower than in some other disciplines due to the smaller number of journals in the area compared to the potential pool of authors. Secondly, the areas in which papers are most frequently published are *MBAR, Accounting practices and regulation; Disclosure and annual reports and earnings management*. Finally, with respect to methodological choices, the highest rated journals in the world tend to contain primarily quantitative, econometric studies based on US datasets. However, while the probability that financial accounting work produced in the UK, using UK data will be published in the elite US journals is very low (Raffounier and Schatt, 2010), *JBFA* and the more generalist journals provide high-quality publishing outlets for empirical work undertaken outside the US.

The databases required to produce quantitative work are now relatively easy to acquire and the barriers to entry in this area are relatively low. However the research produced by UK-based authors which is rated most highly in international terms is generally qualitative or critical work using discursive reasoning, which tends to appear in *Accounting, Organisations and Society*. This research, while it could be deemed a unique contribution to the discipline, is undertaken by only a minority of UK researchers. The theoretical background for this work is rarely in accounting per se but is drawn instead from Human Sciences such as areas of philosophy, political economy, sociology, anthropology or psychology. The dilemma faced by accounting departments making recruitment decisions in this market is that recruits with a background in

accounting are needed to service teaching requirements but a background in other social science subjects may be more useful in research. Outside the small group of UK researchers who publish in *AOS*, the other area in which claims could be made for a unique contribution is in the area of *Traditional normative accounting concepts*, although Rutherford (2010) suggests that this historically strong area of UK research is now in decline.

UK researchers have a wide-range of options available due to the unusual diversity found in UK research in financial accounting. A range of journals publish high quality research papers from UK-based authors across a range of content areas and methodologies and based on a number of different theoretical perspectives. However our evidence shows that that publication in the top journals is a long, slow process. On average across all types of empirically-based research, the time from the end of the data collection period to the publication of a paper takes five years and this varies very little across different research methods.

The analysis we present in this paper identifies the characteristics of financial accounting research across the entire discipline and within this we attempt to locate research published by authors from outside the US, the largest group of whom are UK-based authors. We discuss research with similar characteristics to that produced in the US but highlight particularly the character of research that is different in some way to the mainstream and for which UK researchers might thus be able to claim a unique contribution. Further research would be useful in two areas: first, to examine in more detail the social, political and economic factors that drive these differences in research themes and approaches. Second, to examine the nature of the contribution to financial accounting knowledge, resulting from these alternative approaches, and how the epistemology of the accounting discipline is affected by research that frames accounting questions in a different way and draws different types of conclusion.

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Table 1: Journals in the review and number of papers

	Number of financial accounting research papers
Popular publishing outlets with UK Academics Non-US Journals)	
Journal of Business and Financial Accounting (<i>JBFA</i>), UK*	143
Abacus (Abacus), Australia	91
European Accounting Review (<i>EAR</i>), Europe*	90
Accounting and Business Research (<i>ABR</i>), UK	80
Accounting, Auditing and Accountability Journal (<i>AAAJ</i>), Australia	73
Critical Perspectives on Accounting (<i>CPA</i>), Canada/UK	60
British Accounting Review (<i>BAR</i>), UK	47
Accounting, Organizations and Society (<i>AOS</i>), UK	42
Total	626
Leading US journals	
The Accounting Review (<i>TAR</i>)	170
Journal of Accounting Research (<i>JAR</i>)	148
Journal of Accounting and Economics (<i>JAE</i>)	111
Total	429
Overall total	1055

* The European Accounting Review is associated with Europe due to its sponsorship by the European Accounting Association. The nationalities attributed to other journals are based on the affiliations of their editors during the period of study.

Table 2: Analysis by journals**No. of papers and pages**

Journal	AAAJ	Abacus	ABR	AOS	BAR	CPA	EAR	JBFA	JAE	JAR	TAR	Total
Number of papers 2002-2007	181	135	127	184	118	247	190	384	185	222	278	2251
Number of FR papers (%)	73 (40)	91 (67)	80 (63)	42 (23)	47 (40)	60 (24)	90 (47)	143 (37)	111 (60)	148 (67)	170 (61)	1055 (47)
Number of pages	4881	2621	2187	4722	2582	5576	5073	9883	4944	6141	7352	55962
Number of pages on FR (%)	1829 (37)	1862 (71)	1138 (52)	998 (21)	963 (37)	1324 (24)	2234 (44)	3601 (36)	3000 (61)	3973 (65)	4437 (60)	25359 (45)
Ave no of pages per paper	27	19	17	26	22	23	27	26	27	28	26	25
Ave no of pages per FR paper	25	20	14	24	20	22	25	25	27	27	26	24

Table 3: Gender and affiliations of authors of financial accounting papers

	AAAJ	Abacus	ABR	AOS	BAR	CPA	EAR	JBFA	JAЕ	JAR	TAR	Total
Male authors	90	132	111	62	60	72	132	214	191	230	255	1549
Female authors	39	29	23	12	17	25	50	51	56	55	103	460
Gender unknown	2	5	1	1	7	3	4	21	2	19	11	75
Total authors	131	166	135	75	84	100	186	286	249	304	369	2085
% Female authors¹	(30)	(18)	(17)	(16)	(22)	(26)	(27)	(19)	(23)	(19)	(29)	(23)
Author Affiliation												
UK	68	41	80	23	52	28	37	88	6	9	0	432
(%)	(52)	(25)	(59)	(31)	(62)	(28)	(20)	(31)	(2)	(3)	(0)	(21)
Europe (excluding UK)	10	26	13	7	6	16	106	39	2	6	4	235
(%)	(8)	(16)	(10)	(9)	(7)	(16)	(57)	(14)	(1)	(2)	(1)	(11)
Australasia	33	72	16	7	15	22	11	14	1	0	8	199
(%)	(25)	(43)	(12)	(9)	(18)	(22)	(6)	(5)	(0)	(0)	(2)	(10)
US, Canada	17	18	14	31	5	25	26	108	225	276	337	1082
(%)	(13)	(11)	(10)	(41)	(6)	(25)	(14)	(38)	(90)	(91)	(91)	(52)
Hong Kong, Singapore, China	2	6	9	5	5	0	3	22	12	8	15	87
(%)	(2)	(4)	(7)	(7)	(6)	(0)	(2)	(8)	(5)	(3)	(4)	(4)
Rest of the World	1	3	3	2	1	9	3	15	4	4	5	50
(%)	(1)	(2)	(2)	(3)	(1)	(9)	(2)	(5)	(2)	(1)	(1)	(2)
Total numbers of authors	131	166	135	75	84	100	186	286	249	304	369	2085
Percentage Geographical Concentration²	(25)	(43)	(59)	(31)	(62)	(25)	(77)	(31)	(90)	(91)	(91)	
(UK and Australasian authors combined)³	(77)	(68)	(71)	-	(80)	-	-	-	-	-	-	
(UK and US authors combined)³	-	-	-	(72)	-	(53)	-	(69)	-	-	-	

Notes

1. Based on number of authors of known gender rather than total number
2. % of authors from the geographical area with which the journal is associated (see Table 1)
3. Top two geographical areas
4. Small differences in % totals are due to rounding errors in percentages

Table 4: Content of Financial Accounting Research Papers

	AAAJ	Abacus	ABR	AOS	BAR	CPA	EAR	JBFA	JAE	JAR	TAR	Total
<u>Market based accounting research (MBAR)</u>												
Fundamental analysis and valuation models	0	11	21	1	7	0	10	76	40	55	54	275
Analysts' forecasts and investor decisions	0	0	0	1	4	0	2	18	24	28	35	112
Market reaction and event studies	0	0	1	1	1	0	1	27	7	9	10	57
Other MBAR	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>8</u>	<u>10</u>	<u>0</u>	<u>8</u>	<u>32</u>
	0	13	22	3	12	0	17	129	81	92	107	476
<u>Accounting practices and regulation</u>												
Accounting standards and regulation	0	18	9	6	3	11	21	11	8	18	10	115
Conceptual framework and accounting principles	11	26	13	2	3	5	11	0	0	2	3	76
Public sector and privatised industries	<u>11</u>	<u>4</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>3</u>	<u>36</u>
	22	48	26	9	7	25	34	11	9	20	16	227
Earnings management and accounting choices	0	4	10	2	5	10	18	27	34	40	63	213
Disclosure and annual reports	38	12	20	13	16	14	17	11	21	24	13	199
Corporate failure, distress and fraud	1	13	2	0	4	2	3	7	5	7	7	51
Accounting and the social and political environment	4	0	1	16	1	15	6	3	0	1	0	47
Accounting history	5	6	6	6	0	3	6	0	2	2	0	36
Financial reporting research	4	0	10	1	3	0	3	0	0	2	3	26
Totals	74	96	97	50	48	69	104	188	152	188	209	1275
% papers in multiple categories	1	5	21	19	1	1	15	31	37	27	23	21

Note: Rows and columns sum to more than numbers of papers as some papers fall into more than one content category

Table 5: Theories used in Financial Accounting Research

	AAAJ	Abacus	ABR	AOS	BAR	CPA	EAR	JBFA	JAE	JAR	TAR	Total
Positive Accounting Theory	5	32	24	2	17	0	22	124	64	91	90	471
Other Economics Theories	1	4	2	0	2	1	2	11	9	32	12	76
Finance Theories	0	1	0	0	1	1	0	3	6	0	5	17
Maths and Statistics Theories	0	2	3	0	2	0	2	1	2	2	0	14
Economics and Maths Theories	6	39	29	2	22	2	26	139	81	125	107	578
Traditional Human Sciences	23	4	3	20	2	30	2	0	0	0	0	84
Legitimacy Theory, Stakeholder Theory and Institutional Theory	20	0	0	6	1	4	2	0	0	0	0	33
Human Sciences and Behavioural Theories	43	4	3	26	3	34	4	0	0	0	0	117
Traditional Normative Accounting Concepts	1	24	19	2	4	6	8	0	0	2	2	68
Other	9	2	2	0	0	5	0	0	0	1	0	19
Total	59	69	53	30	29	47	38	139	81	128	109	782
Papers with no explicit theory	20	24	28	12	19	16	52	4	30	19	62	286
Overall Total	79	93	81	42	48	63	90	143	111	147	171	1068

Note: Rows and columns sum to more than numbers of papers as some papers are considered to use more than one theory category

Table 6: Research methods

	AAAJ	Abacus	ABR	AOS	BAR	CPA	EAR	JBFA	JAE	JAR	TAR	Total
Regression/econometric models	4	26	22	5	21	0	36	97	71	78	126	486
Discursive reasoning	26	39	21	26	7	48	28	3	0	4	0	202
Other quantitative methods and statistics	0	5	7	2	6	3	15	17	12	18	11	96
Analytical modelling (may include empirical analysis)	0	3	5	0	3	0	2	10	11	32	15	81
Case study (mix of documentary, survey, interview or archival)	21	6	3	6	2	15	6	0	1	0	0	60
Content analysis (may include archival)	12	5	4	7	9	9	5	0	2	2	1	56
Experiment	3	3	1	4	1	0	1	1	1	7	20	42
Archival analysis	5	4	4	8	0	5	5	0	1	1	0	33
Questionnaire	1	5	0	2	5	1	6	3	2	0	5	30
Interview	10	2	1	5	1	3	1	0	1	1	0	25
Literature review	4	0	4	4	2	2	3	0	0	0	2	21
Documentary evidence	3	1	0	1	1	6	2	2	0	1	1	18
Simulation	0	1	1	0	0	0	2	1	1	3	2	11
Mixed (surveys, participant observation, archival or experimental)	2	0	0	0	0	1	0	0	0	0	0	3
Totals	91	100	73	70	58	93	112	134	103	147	183	1164
Review papers	3	10	15	0	0	0	0	19	20	28	7	102
Totals including review papers	94	110	88	70	58	93	112	153	123	175	190	1266
% papers in multiple categories	29	20	10	60	23	55	24	7	11	18	12	20

Note: Columns sum to more than the number of papers in each journal as some papers are classified as using more than one method

Table 7, Panel A: Empirical papers, sample and data characteristics for qualitative research methodologies(The table reports median (range) across all categories)

Panel A								
	Case Studies				Content Analysis			
	No. of Analyses	Cases	Years of data	Age of data (years)*	No. of Analyses	Firms/ Cases	Years of data	Age of data (years)*
AAAJ	18	1 (1-6)	2 (1-23)	4 (2-11)	12	52 (1-472)	2 (1-10)	5 (2-10)
Abacus	6	2.5 (1-5)	6.5 (3-17)	3 (2-5)	5	71 (18-262)	4 (3-6)	7 (4-8)
ABR	3	1 (1)	41 (4-56)	-	4	154.5 (100-788)	4.5 (1-8)	9(4-13)
AOS	6	1 (1)	2(1-300)	5.5(4-7)	7	100 (12-195)	1.5 (1-9)	6(4-11)
BAR	2	1 (1)	21 (21)	-	9	79 (30-349)	1 (1-7)	5(3-13)
CPA	13	1(1-3)	4.5 (1-11)	2 (1-9)	8	24 (1-155)	1(0.5-3)	4(2-10)
EAR	7	1 (1-6)	16(10-123)	-	6	67.5 (6-253)	2 (1-5)	5.5 (3-6)
JBFA	-	-	-	-	-	-	-	-
JAE	1	1 (1)	3 (3)	6 (6)	2	3642(190-7093)	3.5 (1-6)	8 (5-11)
JAR	-	-	-	-	2	263(263)	9.5(3-16)	6(4-8)
TAR	-	-	-	-	1	426 (426)	20 (20)	3(3)
Total	56				56			
Median	6	1	4.5	4	5.5	71	2	5

Table 7, Panel B: Empirical papers, sample and data characteristics for qualitative research methodologies(The table reports median (range) across all categories)

Panel B								
	Questionnaire			Interviews			Experiment	
	No. of Analyses	Respondents	Age of data (years)*	No. of Analyses	No of Interviews	Age of data (years)*	No. of Analyses	Subjects
AAAJ	2	154 (19-289)	7(7)	11	20 (6-34)	3.5 (2-5)	3	76(52-93)
Abacus	4	132(4-171)	6.5(4-9)	2	4 (3-5)	8 (8)	3	79.5(53-121)
ABR	-	-	-	2	18.5(12-25)	5 (5)	1	60 (60)
AOS	2	195(91-299)	-	5	120 (9-27)	5 (4-7)	4	140.5(36-299)
BAR	5	126 (54-538)	6(3-7)	1	57 (57)	-	1	80 (80)
CPA	1	59 (59)	11(11)	3	32(19-32)	11(11)	-	-
EAR	6	149.5 (17-253)	5(4-6)	1	23 (23)	2 (2)	1	36 (36)
JBFA	3	122 (93-273)	8(7-9)	-	-	-	1	60 (60)
JAE	2	262.5(124-401)	-	1	20 (20)	-	1	124 (124)
JAR	-	-	-	1	44(44)	2(2)	7	120(44-391)
TAR	6	150(56-253)	-	-	-	-	20	92(32-244)
Total	31			27			42	
Median	3	126	6.5	2	20	4	2	89

Table 8: Empirical Papers, sample and data characteristics for quantitative research methodologies

(The table reports median (range) across all categories)

	Models using firms-years (or quarters)				Other Regression Models				Other Quantitative Analyses			
	Analyses	No of firms	Years of data	Age of data	Analyses	Observations median (range)	Years of data	Age of data	Analyses	Observations	Years of data	Age of data
AAAJ	4	56.5 (17-168)	2 (1-10)	10 (5-11)	-	-	-	-	1	472(472)	1(1)	2(2)
Abacus	27	240 (50-28142)	8 (1-32)	5 (2-17)	-	-	-	-	3	74 (29-156)	1 (1-3)	7.5 (4-9)
ABR	22	270 (10-34788)	6 (1-27)	5.5 (3-12)	-	-	-	-	5	50 (32-167)	8 (3-26)	11 (9-13)
AOS	5	193 (30-1896)	5 (1-6)	7 (4-12)	-	-	-	-	1	355 (355)	10 (10)	3 (3)
BAR	21	215 (10-996)	3 (1-27)	6 (4-10)	-	-	-	-	5	161 (8-7761)	2 (1-6)	6 (4-9)
CPA	-	-	-	-	-	-	-	-	2	28(19-37)	19 (1-37)	4.5 (3-6)
EAR	35	121 (8-19720)	6.5 (1-19)	5 (2-8)		-	-	-	11	100 (34-1256)	2 (1-10)	5 (2-7)
JBFA	93	250 (13-11769)	9 (1-37)	7 (2-16)	2	283707 (23348-544065)	16 (11-21)	5.5 (4-7)	17	144(3-6370)	11 (2-46)	9 (3-16)
JAE	66	1550 (78-22015)	11 (1-41)	5 (1-11)	6	115029 (18680–208358)	15 (10-23)	5 (5-7)	10	1109(58-24812)	3 (1-36)	4 (2-8)
JAR	70	1234 (43 – All CRSP & Compustat)*	10 (1-50)	5 (1-15)	10	95095 (20134 – 989530)	17 (3-25)	3 (2-8)	17	468(43-**)	9.6 (1-40)	5 (2-7)
TAR	109	712 (8-378122)	9 (1-40)	5 (1-15)	14	111172 (17019 – 1114785)	13 (3-51)	5 (3-8)	10	498 (27-6260)	6 (1-13)	4 (2-9)
Median	31	477	8	5	8	107589	15	5	5	159	5	5

Notes

- *The paper with the largest sample in this category describes the sample as “All CRSP and Compustat firms” without disclosing the number involved
- ** The paper with the largest samples in this category describes the samples as being from 41-46 countries with 34-180 firms in each without disclosing the total numbers involved

Exemplars (appendix)

Fourteen papers have been selected as exemplars across the content, theories and research methods categories in Tables 4, 5 and 6 to illustrate the work published by US and non-US authors. They were chosen based on the level of citations they received and as representative of typical content found in the category. Since the papers with the highest citations in almost all categories are US authored papers, the citation count for the non-US papers was examined separately. Citations Taken from the EBSCO Business Complete database are reported as at 11/06/2013.

Content Categories (Table 4)

Content: Market based accounting research

1. Bartov, Eli; Givoly, Dan and Hayn, Carla (2002) "The rewards to meeting or beating earnings expectations" *Journal of Accounting & Economics*, Vol. 33, Issue 2, pp. 173-204.

Author Affiliations: New York University ; University of California

Content: An empirical study based on 130000 earnings forecasts, in the period 1983-1997, covering 64872 firm-quarters, using models of cumulative abnormal residuals and models of forecast errors. The authors find that firms that meet or beat current analysts' market based earnings expectations (MBE) have higher stock market returns than firms with similar quarterly earnings forecast errors that fail to meet these expectations. A premium to MBE also exists in the cases where MBE is likely to have been achieved through earnings or expectations management. The findings also indicate that the premium to MBE is a leading indicator of future performance. This premium and its predictive ability are only marginally affected by whether the MBE is genuine or the result of earnings or expectations management. **References:** 36. **Citations:** 162.

2. Gietzmann, M.; Ireland, J. (2005) "Cost of Capital, Strategic Disclosures and Accounting Choice", *Journal of Business Finance & Accounting*, Vol. 32 Issue 3/4, pp 599-634.

Author affiliations: Cass Bus School; LSE

Content: An empirical study using ordinary least squares and generalised least squares regression models to explore the relationship between disclosure and cost of capital in UK IT firms, for the period 1993-2002 (1640 firm-years). The paper includes an innovative measure of timely disclosure that attempts to capture quality rather than quantity of strategic disclosures and the model includes accounting policy choice. While theory predicts a negative relationship between disclosure and cost of capital, previous empirical findings have suggested a positive relationship. The revised research design leads to finding the expected negative relationship. However the relationship is only significant for firms adopting aggressive accounting policies. **References:** 29. **Citations:** 20.

Accounting practices and regulation

3. Schipper, K. (2005), "The introduction of International Accounting Standards in Europe: Implications for international convergence", *European Accounting Review*, Vol. 14 Issue 1, pp. 101-126.

Author affiliation: FASB

Content: The paper is an analysis, discussion and critique of the implementation effects associated with the mandated adoption of international financial reporting standards. The authors identify a possible increased demand for detailed implementation guidance and for a single European securities regulator and suggests that the main difficulties lie in defining the reporting entity for the purposes of consolidation and developing reliable fair value measures. **References:** 22. **Citations:** 31.

4. Heald, D. (2003) , "Value for money tests and accounting treatment in PFI schemes", *Accounting, Auditing & Accountability Journal*, Vol. 16, Issue 3, pp. 342-372.

Author Affiliation: University of Aberdeen

Content: The paper is an analysis, discussion and critique of issues relating to the concept of Value For Money (VFM) and accounting treatments in PFI schemes. It comments on the effects of PFI schemes adopting commercial accounting standards such as FRS5 and SSAP21. The analysis suggests that VFM assessments for PFIs should be concerned with total risk not just with the sharing of risk, which currently dominates the accounting treatment decision. The paper points out that only public auditors, such as the National Audit Office, can gain access to PFI documentation on the conditions necessary for a comprehensive assessment of both accounting treatment and VFM. In order to be useful, VFM judgments must therefore make explicit the basis of comparison on which they rest. **References:** 69. **Citations:** 30.

Earnings management and accounting choices

5. Peasnell, K. V.; Pope, P. F.; Young, S. (2005) "Board Monitoring and Earnings Management: Do Outside Directors Influence Abnormal Accruals?", *Journal of Business Finance & Accounting*, Vol. 32, Issue 7/8, pp.1311-1346.

Authors affiliations: Lancaster University

Content: An empirical analysis using logit regressions model of accruals in UK firms in the period 1993-96 (1928 firm years). The likelihood of managers making income-increasing abnormal accruals to avoid reporting losses and earnings reductions is negatively found to be related to the proportion of outsiders on the board. Little evidence is found that outside directors influence income-decreasing abnormal accruals when pre-managed earnings are high. There is no evidence that the presence of an audit committee directly affects the extent of earnings management.

References: 46. **Citations:** 52.

Disclosure and annual reports

6. Bushman, R.; Piotroski, J. and Smith, A. (2004) "What Determines Corporate Transparency?", *Journal of Accounting Research*, Vol. 42 Issue 2, p207-252

Author affiliations: University of North Carolina; University of Chicago

Content: Factor analysis of company disclosures from 46 countries is used to create a framework for conceptualising and measuring corporate transparency. The first factor produced is interpreted as financial transparency and captures the intensity and timeliness of financial disclosures, and their interpretation and dissemination by analysts and the media. The second factor, interpreted as governance transparency, captures the intensity of governance disclosures used by outside investors to hold officers and directors accountable. The paper investigates how these factors vary with countries' legal/judicial regimes and political economies. The governance transparency factor is primarily related to a country's legal/judicial regime whereas the financial transparency factor is primarily related to political economy.

References: 59. **Citations:** 137.

Corporate failure, distress and fraud

7. Kinney Jr., W.; Palmrose, Z. and Scholz, S. (2004) "Auditor Independence, Non-Audit Services, and Restatements: Was the US Government Right?", *Journal of Accounting Research*, Vol. 42 Issue 3, pp. 561-588.

Author affiliations: University of Texas at Austin; University of Southern California; University of Kansas.

Content: An empirical study of companies restating earnings, which uses a matched-pair design of 617 restating and non-restating pairs of companies in the period 1995-2000. A logistic regression model is used to study the relationship between audit fees and restatements. The authors find no statistically significant positive relationship between fees, for either financial information systems design and implementation or internal audit services, and restatements. Some association is found between unspecified non-audit services and restatements. A significant negative association is found between tax

services fees and restatements, consistent with net benefits from acquiring tax services from a company's audit firm. The significant associations are thought to be driven primarily by larger firms. **References:**

33. Citations: 94

Accounting and the social and political environment

8. Tinker T. and Gray R. (2003), "Beyond a critique of pure reason: From policy to politics to praxis in environmental and social research", *Accounting, Auditing & Accountability Journal*, Vol. 16, Issue 5, p. 727-742.

Authors affiliations: City University, NY/ Leicester University/University of Southern Australia; University of Glasgow

Content: The paper is an examination of the literature and an analysis, discussion and critique of the manner in which the process of value creation is reflected in environmental accounting research, focussing on the politics of the social accounting project. The authors suggest that pragmatism - in both the philosophical and general usage senses - has lain at the heart of the social accounting project(s). Often the pragmatism is unconscious; increasingly however, there is a formal recognition of the need to seek change. The paper notes the importance of raising awareness through teaching and the challenges of an environment where the concerns of "career" and "money" are the basic necessities for many students that cannot be ignored. **References: 122. Citations: 28.**

Theory categories (Table 5)

Positive accounting theory

9. Francis, J.; LaFond, R.; Olsson, P. and Schipper, K. (2004) "Costs of Equity and Earnings Attributes", *Accounting Review*, Vol. 79 Issue 4, pp. 967-1010.

Author affiliations: *Duke University; University of Wisconsin; FASB*

Content: An empirical study using accruals and returns models of US firms in the period 1975-2001 (39717 firm-years) to examine the relationship between the cost of equity capital and seven attributes of earnings: accrual quality, persistence, predictability, smoothness, value relevance, timeliness, and conservatism. The study finds that firms with the least favourable values of each attribute, considered individually, generally experience larger costs of equity than firms with the most favourable values. The largest cost of equity effects are observed for the accounting-based attributes, in particular accrual quality. These findings are robust to controls for innate determinants of the earnings attributes (firm size, cash flow and sales volatility, incidence of loss, operating cycle, intangibles use/intensity, and capital intensity), as well as to alternative proxies for the cost of equity capital

References: 71. Citations: 154.

Traditional human sciences

10. Quattrone, P. (2004) "Accounting for God: accounting and accountability practices in the Society of Jesus (Italy, XVI-XVII centuries)", *Accounting, Organizations & Society*, Vol. 29 Issue 7, pp. 647-683.

Author affiliation: The University of Oxford

Content: The paper provides a critical historical account of accounting and accountability practices within the Society of Jesus History in the 16th and 17th centuries. This suggests that the accounting and accountability practices within the Society of Jesus cannot be reduced solely to an economic explanation. Rather, their development and refinement were tightly linked to the absolutist ideology of the Roman Catholic doctrine of the Counter-Reformation, conceived of here as a complex work of compromise among theological, religious, political, institutional and social interests. **References: 145. Citations: 18**

Traditional Normative Accounting Concepts

11. Alexander, D.; Jermakowicz, E. (2006), "A true and fair view of the principles/rules debate", *Abacus*, Vol. 42 Issue 2, pp.132-164.

Author affiliations: University of Birmingham; University of Southern Indiana

Content: Discussion and analysis of alternative views about the principles and rules debate in accounting regulation. The paper explores the idea of true and fair view presentation as a meaningful requirement in its own right and as an override. Recent developments in the United States are analysed, regarding the adoption of a principles-based accounting system, along with developments in the UK arising from the introduction of IAS in Europe. The authors suggest that financial reporting represents an inherently subjective construct. The rules by themselves are inadequate, whether or not they are based on principles; major and fundamental differences exist between various players on the world regulatory scene. Much of the debate at the regulatory and policy level is at best vague and confused, more likely disingenuous and possibly intellectually dishonest. Interested parties will interpret words, concepts and agreements differently. The analysis implies significant limitations for international standardization.

References: 69. **Citations:** 10.

Research methods categories (Table 6)

Regression/econometric modelling: See Francis et al (2004) above (in the "positive accounting theory" category).

Analytical modelling:

12. Lambert, R.; Leuz, C. and Verrecchia, R. (2007) "Accounting Information, Disclosure, and the Cost of Capital", *Journal of Accounting Research*, Vol. 45 Issue 2, p385-420

Author affiliations: University of Pennsylvania; University of Chicago

Content: The analysis involves a theoretical, analytical model of accounting information and cost of capital, which demonstrates that the quality of accounting information can influence the cost of capital both directly and indirectly. The direct effect occurs because higher quality disclosures affect the firm's covariances with other firms' cash flows and this risk is non-diversifiable. The indirect effect occurs because higher quality disclosures affect a firm's real decisions, which is likely to change the firm's ratio of the expected future cash flows to the covariance of these cash flows with the sum of all the cash flows in the market. The paper suggests that in general the quality of accounting information can affect the cost of capital in either direction and also derives conditions under which an increase in information quality leads to an unambiguous decline in the cost of capital. **References:** 51. **Citations:** 106.

Discursive reasoning

See Tinker and Gray (2003), above, in the "Accounting and the social and political environment" category.

Case study

13. O'Dwyer, B. (2005) "The construction of a social account: a case study in an overseas aid agency", *Accounting Organizations and Society*, Vol. 30 Issue 3, pp 195-296.

Author affiliations: University College Dublin

Content: The paper is based on a case study of a single Irish organisation, the Agency for Personal Service Overseas and involves 15 interviews, analysis and discussion. It was written as a response to Gray's (2002) call for more research into how and why social accounting evolves within organisations and examines the evolution of a social accounting process in the Aid Agency. The author concludes that much of the corporate rhetoric surrounding social accounting processes simplifies their complex nature and tends to downplay many concerns as to how they can effect real organisational change and empower

stakeholders. The case exposes this complexity by illuminating the contradictions, tensions and obstacles that permeated one such process. **References:** 50. **Citations** 30.

Interviews

14. Deegan, C. and Blomquist, C. (2006) "Stakeholder influence on corporate reporting: An exploration of the interaction between WWF-Australia and the Australian minerals industry", *Accounting, Organizations & Society*, Vol. 31 Issue 4/5, p343-372.

Author affiliations: RMIT University, Australia; Ambrosiussen & Co, Chartered Accountants

Content/methods: Case studies of the environmental reporting practices in the Australian minerals industry, based on interviews. The authors demonstrate how WWF Australia's initiative and the environmental scorecard, influenced revisions to the industry code as well as the reporting behaviour of individual mining companies. **References:** 51. **Citations:** 19.